STRATEGY RESEARCH PROJECT

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THE WAR FOR TALENT

BY

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ABSTRACT

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The world has seen drastic change. We can now surgically attack a target using specially skilled people, with specially designed weapons, in a three-dimensional battle space (including space itself), for the sole purpose of maximizing target destruction while minimizing casualty rates and collateral damage. So what does this have to do with the War for Talent? The conduct of a successful battle, campaign or war takes people - the best people in the world, specially skilled people. The same holds true as businesses battle for supremacy within their market space.

A situation exists today that could be deadly not only to the Defense Department, but private sectors as well - the ability to man our ranks with top quality people. As the United States experiences one of the greatest economic booms in its history, many companies, corporations, organizations and even the Defense Department may be on the brink of a catastrophic event. What in the economy is causing a shortage of highly qualified talent? Why is there a problem with the search for the most talented player? What could possibly cause a catastrophic event in such prosperous times?

It is essential for the Defense Department to identify appropriate talent pools to attract, recruit and retain the kind of men and women necessary to operate within the complex environment mankind has ever known. The armed forces of the United States have demonstrated their ability and resolve to close with and destroy the enemy. They have also demonstrated the resilience of a police force when asked to eliminate fratricide and ethnic cleansing or provide humanitarian relief.

If we have demonstrated our core competencies so well, why does the Defense Department have a problem attracting and retaining talent? Why are so many high-performing mid-grade officers and non-commissioned officers leaving? Are we fundamentally off base in our recruiting and retention goals and methods? What motivates young men and women to join the military, then stay or leave? This paper will examine these pressing issues, examine how private industry defines the issues, and attempt to draw direct correlations to the Defense Department.

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THE WAR FOR TALENT

THE PARADOX

While serving as Armor Branch Representative and as an Associate Professor of Military Science at the United States Military Academy, West Point, New York from 1988-1992, I had the privilege of teaching, recruiting, and preparing some of the best young people in the world for entry into the Combat Arm of Decision – the Armor Corps. One of the classes I had the privilege of developing on Battlefield Operating Systems included a session on leadership and the conduct of combat operations. I took the opportunity to present several videotapes of then Brigadier General Barry McCaffery, Deputy Commandant of the Infantry School, Fort Benning, Georgia.

The topic of the presentation was battlefield synchronization, which is still and always will be an enigma, but that was only one of the interesting topics from the presentation. During his comments, BG McCaffery spoke of a very intriguing paradox that exists within the conduct of war. That paradox, simply stated, is that over time war has become much more deadly as a result of new, technologically advanced weapon systems and methods of employing those systems, battlefields have grown in size, depth and dimension, and at the same time casualty rates decreased comparatively speaking.

From a time when conflicts were fought with clubs and rocks where you literally had to see the whites of your enemy's eyes, the world has seen drastic change – spears, lances, bow and arrow, sword and saber, long-bow, flint lock, percussion cap, cannons and mortars, howitzers, tanks, airplanes and helicopters, atomic energy weapons, and smart weapons, to categorize a few. We can now surgically attack a target using specially skilled people, with specially designed weapons, in a three-dimensional battle space (including space itself), for the sole purpose of maximizing target destruction while minimizing casualty rates and collateral damage.

So what does this have to do with the War for Talent? The conduct of a successful battle, campaign or war takes people - the best people in the world, specially skilled people. The same holds true as businesses battle for supremacy within their market space.

Another paradox exists today that could be deadly not only to the Defense Department, but private sectors as well - the ability to man our ranks with top quality people. As the United States experiences one of the greatest economic booms in its history, many companies, corporations, organizations and even the Defense Department may be on the brink of a catastrophic event. If the armed forces and the private sector are so successful, what is it in the economy that is causing a shortage of highly qualified talent? Why is there a problem with the search for the most talented player? What could possibly cause a catastrophic event in such prosperous times?

It is essential for the Defense Department to identify appropriate talent pools to attract, recruit and retain the kind of men and women necessary to operate within the complexities of the modern battlefield, and the battlefield of the future, while at the same time engaging the most technologically advanced weapons and command and control systems mankind has ever known. The armed forces of the United States have demonstrated their ability and resolve to close with and destroy the enemy, if and when called upon to do so. They have also demonstrated the resilience of a police force when tasked to eliminate fratricide and ethnic cleansing or a humanitarian relief force when tasked to prevent starvation or major health epidemics.

If we have demonstrated our core competencies so well, why does the Defense Department have a problem attracting and retaining talent? Why are our ranks filled with vacancies? Why are so many high-performing mid-grade officers and non-commissioned officers leaving? Are we fundamentally off base in our recruiting and retention goals and methods? What motivates young men and women to join the military, then stay or leave? What does the economy have to do with these issues? This paper will examine these pressing issues, examine how private industry defines the issues, and attempt to draw direct correlations to the Defense Department.

In a recent study, Workforce eServices: Developing the Modern Workforce for Competitive Advantage, February 2000, ICARIAN stated, "The underlying premise here is basic: Human capital is now the most important asset. Intellectual capital outweighs bricks-and-mortar and other tangible resources on the corporate balance sheet. Corporations realize that only skilled, knowledgeable people can help them do what they need to do amid relentless global competition, shrinking product lifecycles and an ever-increasing need for speed, efficiency and innovation. The major challenge today is to plan for, hire, deploy, develop, and retain the right people for the organization. Tracking and developing employee skills has become an imperative, particularly with the rush of advancing technology. In fact, all organizations of any size today need some technical talent, all are competing for a limited supply of that resource."[1]

What we are faced with today is a problem of enormous proportions -- a WAR FOR TALENT! Employment rates are down. Population growth is down. College enrollment is stagnant. Talent pools are limited and the needs of today's winner-take-all economy far exceed the requirements for the most highly talented workers. As noted by Jim Collins in the Fast Company article, "Built to Flip," when Microsoft emerged in the 1980's, the new-economy culture rested on three tenets: freedom and self-direction in your work, purpose and contribution through your work, and wealth creation by your work.[2]

The War for Talent does not result in death, destruction or damage of the same type experienced by the Defense Department during times of conflict, but will render many companies

essentially ineffective. When a company cannot identify, attract, recruit, and retain the best talent in the industry, whatever the industry, the company will be prone to suffer dire consequences in today's markets.

THE PRIVATE SECTOR – AT WAR

In 1997, McKinsey and Company solicited seventy-seven large U.S.-based companies to participate in the War for Talent research. Those companies came from a variety of industries having achieved differing levels of success. Some were old, some were new, all were large, and all were ranked in the top two-fifth's of their respective industries. The chief executive officers (CEOs) and their direct reports, some 359 total executives, were questioned about the strengths of their companies' talent pool and ways to improve it. Personal interviews were done with many of the top executives of each company plus all senior human resources executives about the way their companies manage their top talent.

Twenty companies were chosen to study in depth. Some were chosen because of their reputation for superior talent (General Electric, Hewlett-Packard, Merck), while others were chosen for their meteoric growth and performance (Amgen, Medtronic, Baan, The Home Depot). Still others were chosen because they deserve the most improved award or have perfected an approach such as talent building through an acquisitions strategy. All were top-quintile performers and all have a reputation for strong talent.

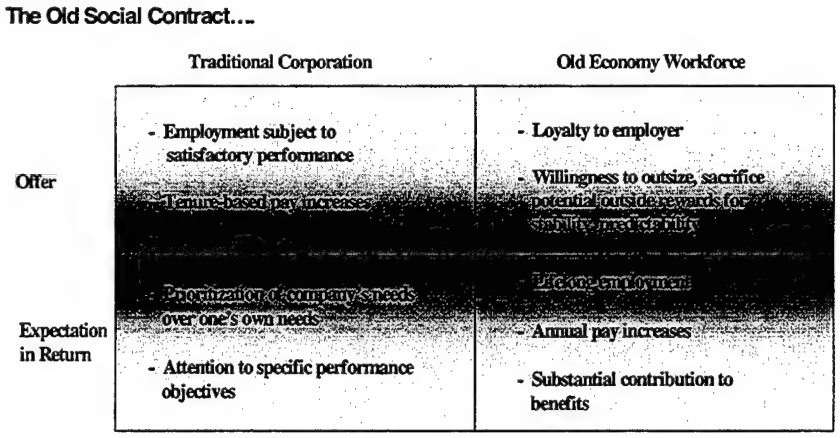
A strange problem exists when analyzing War for Talent issues. The bottom line is that talent matters, but defining the set of criteria for successful mid- to high-level talent varies for each company and may even vary for companies within a given industry. Talent and/or the intangible asset that it creates is proving to be more critical than tangible assets such as financial capital or physical plants or even intangibles like brand and market position. Companies are creating their own talent pools now based more on their ability to create a highly sought after culture.

Today, companies are slowly realizing that their value proposition is not always in its size or past reputation. They are realizing that people make the company. Most companies are ill prepared to wage the necessary battles, but they are coming to resolution with the fact that there is an escalating War for Talent. Those companies willing to adopt new and innovative techniques will gain an advantage over those companies using past winning approaches. The old way is no longer the best way.

A survey released by the Information Technology Association of America and reported on by the Dallas Morning News, 11 April 2000, indicated that employers created demand for 1.6 million new high-tech positions last year. With demand far outstripping supply, half of these

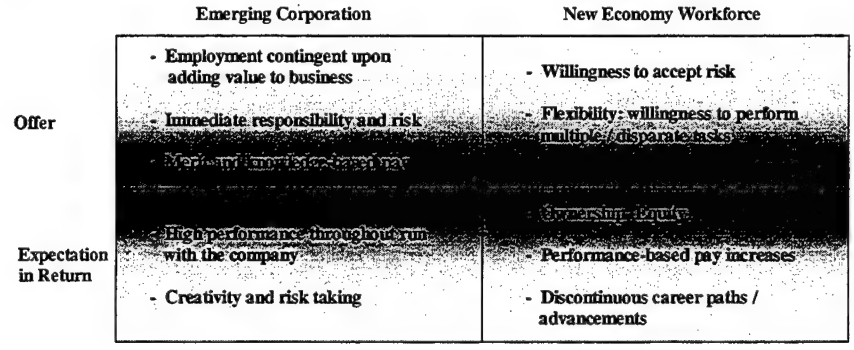
positions - about 843,000 jobs - will go unfilled. That means one in every dozen of the 10 million jobs in the U.S. information-technology industry will be vacant.

Four factors will complicate the War for Talent. First, the traditional or old social contract (Figure 1) is being overcome by a new social contract (Figure 2).[3] Talent used to be company



Source: Citigroup, 5 April 2000, "Attracting and Retaining Talent: Managing the Pipeline," presentation to SECDEF Corporate Fellows

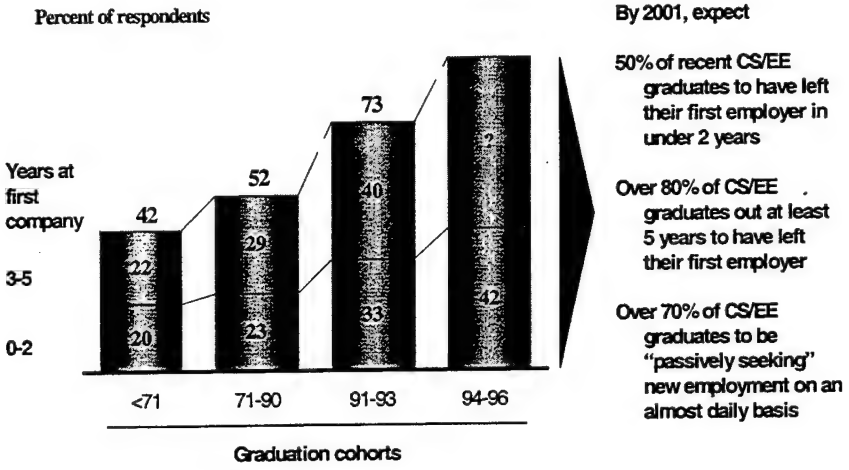
FIGURE 1- ATTRACTING AND RETAINING TALENT – THE MARKET TRENDS (THE OLD SOCIAL CONTRACT)



Source:Citigroup, 5 April 2000, "Attracting and Retaining Talent: Managing the Pipeline," presentation to SECDEF Corporate Fellows

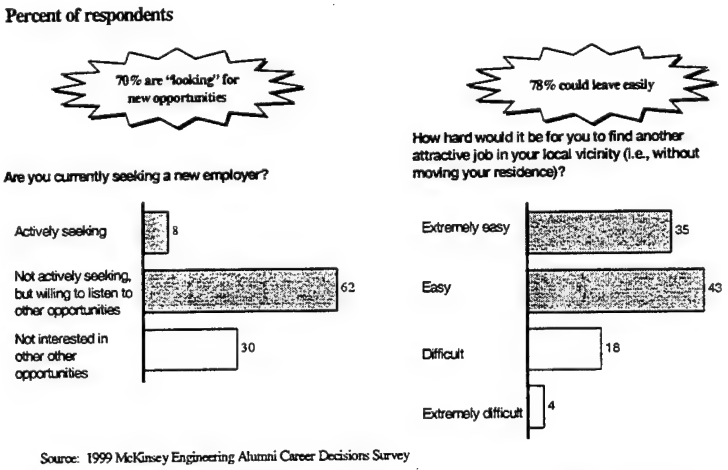
FIGURE 2 – ATTRACTING AND RETAINING TALENT – THE MARKET TRENDS (THE NEW SOCIAL CONTRACT)

loyal and geographically mobile, but that trend has shifted to the more geographically loyal (with dual career families) and company mobile. This really means talent will become more elusive to capture and retain (Figure 3). Also, employees are passively seeking other employment opportunities. Given the right set of circumstances, an employee will change jobs without any concern for loyalty (Figure 4). Certain groups are looking for something different than corporate America traditionally offers: independently wealthy executives, professional mothers, GenXers looking for a more balanced lifestyle and/or a faster track.



Source: 1999 McKinsey Engineering Alumni Career Decisions Survey

FIGURE 3 – MOBILITY OF TALENT IS INCREASING – TECHNICAL TALENT EXAMPLE



Source: 1999 McKinsey Engineering Alumni Career Decisions Survey

FIGURE 4 – MAJORITY OF EMPLOYEES ARE PASSIVELY SEEKING NEW OPPORTUNITIES

The second factor highlights the attraction of small companies.[4] These companies have taken advantage of their access to capital and the decreasing economies of scale to create companies capable of competing with big companies for critical talent. These companies offer many of the things only the larger companies once offered with one exception. With many of these small companies comes an increased level of risk. Talent pools today are not risk averse. They are willing to lay it on the line for an opportunity at the fast track and success at age 35 instead of age 55 (Figures 5-8).

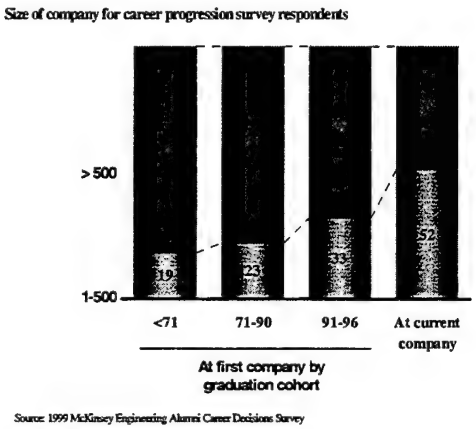


FIGURE 5 –

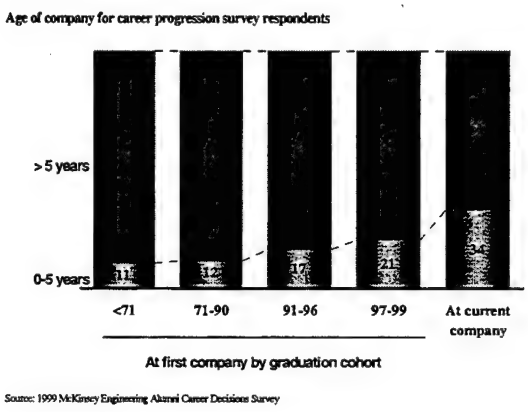


FIGURE 6 –

SMALLER COMPANIES RAPIDLY GAINING SHARE OF TALENT

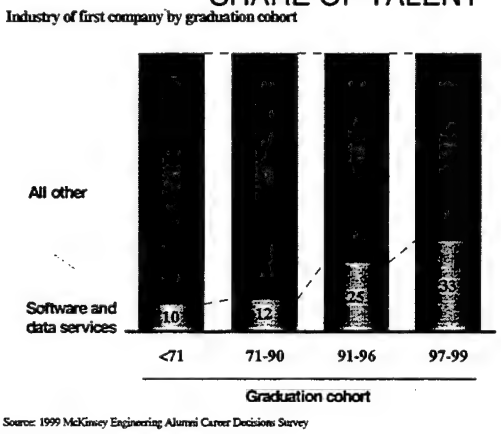


FIGURE 7 – SOFTWARE AND DATA SERVICES RAPIDLY GAINING SHARE OF TALENT

YOUNGER COMPANIES RAPIDLY GAINING SHARE OF TALENT

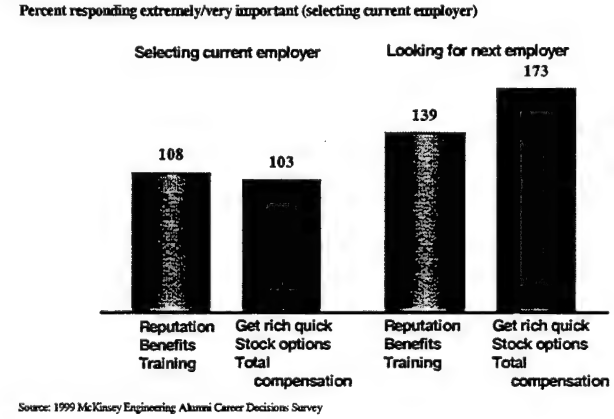


FIGURE 8 – JOB SELECTION INCREASINGLY DECIDED BY COMPENSATION

The third factor complicating the War for Talent is demographics.[5] The work force is aging while at the same time decreasing in size. Over the next 15 years, 55 to 65 year-olds will increase

by 40 percent. Compare those figures to the ones mentioned above and you cannot help but ask, "Who is going to fill all the vacancies?" It is not just a quantitative gap. Companies are fishing for different talent profiles and there are not enough talented people in the pool.

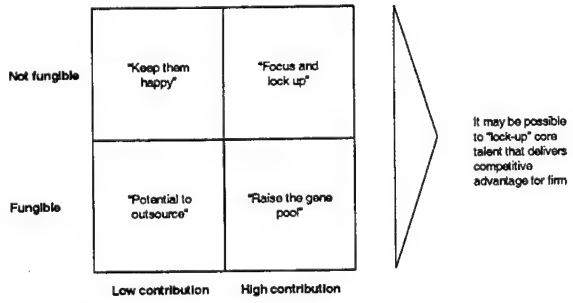
Global competition takes us to the fourth and final complicating factor.[6] Companies are thirsty for the best available talent to take their businesses global, to grow and to deal with emerging technologies. Those that fail to capitalize on these emerging markets will be left behind in the new economy. There is a new value proposition in today's markets (Figure 9) that is not only effecting technical talent, but all pools as businesses strive to attract the best talent.

Old talent share winner – 1970s and 1980s	→	New talent share winner – 1999
- Over 1,000 employees *lost 13 share points*	→	- Under 500 employees *gained 15 share points*
- Over 15 years old *lost 20 share points*	→	- Under 5 years old *gained 10 share points*
- Traditional business – not software or data services *lost 23 share points*	→	- Software/data services as primary product *gained 23 share points*
- Stable work environment *used to matter more than comp* • Good company reputation • Benefits • Training programs	→	- Compensation-oriented work environment *relative importance more than doubled* • Total compensation • Company stock options • Ability to get rich (quick)
- Coveted job is Technical Leader • Senior Scientist • Research Fellow • Lead Designer	→	- Coveted job is Entrepreneur *gained 15 share points*

Source: 1999 McKinsey Engineering Alumni Career Decisions Survey

FIGURE 9 – VALUE PROPOSITION THAT IS RAPIDLY GAINING SHARE OF TECHNICAL TALENT

Mitigating factors in the job market can only marginally improve the situation. The number of women entering the workforce has plateaued, immigration is flat and will not change without a congressional mandate, and retirement ages may increase. No doubt there will be offsets as typically happens in times of significant economic imbalance, but they aren't obvious. Companies will have to creatively and proactively seek solutions like never before. It will be important for companies to totally re-configure their organizations to gain a competitive advantage (Figure 10).[7]



Source: 1999 McKinsey Engineering Alumni Career Decisions Survey

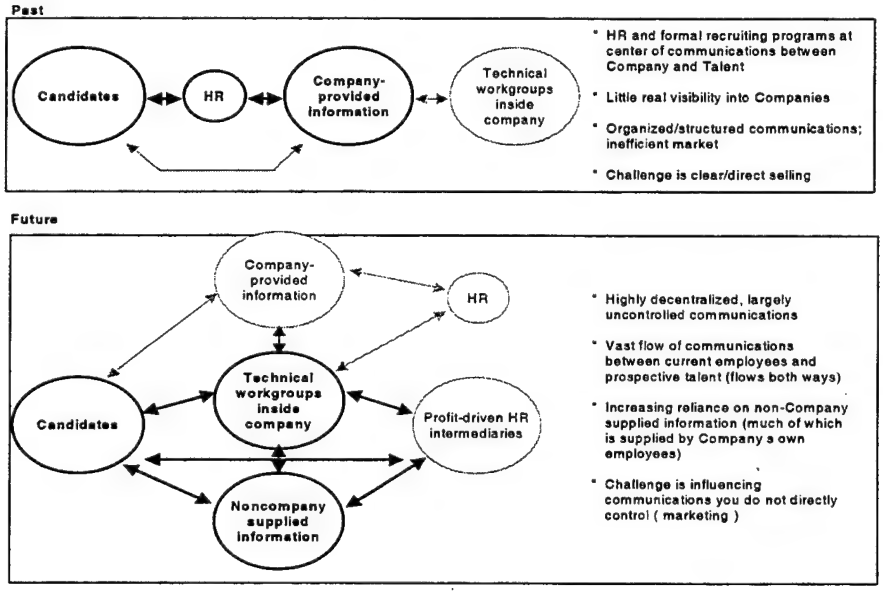
FIGURE 10 – RE-CONFIGURE FIRM AROUND ESSENTIAL TALENT

The company must strive to move closer and closer to the "Focus and lock up" quadrant. While a company strives to reach that level, they must also focus on those employees that are not fungible or provide high contributions. They are too valuable to release or allow some other company to poach their talents.

McKinsey believes there are four imperatives to win the War for Talent and build a competitive advantage: 1) talent mindset, 2) winning value proposition, 3) robust sourcing strategy and 4) tactics to build the talent pool.[8] The talent mindset imperative is the most critical weapon in the War for Talent. By a talent mindset, it is meant that the leaders passionately believe talent wins the competitive game and, they believe it is their job to build the talent pool. Leaders instill the mindset. It is their mission to establish the standard, continuously redefine the standard and raise the standard when required. With a talent mindset leaders infuse specific behavior patterns – candor, differentiation and consequences management (accountability). They hold themselves and their line managers accountable for the strength of their talent pool.

"Talent is superordinate to strategy...a great strategy can go up in flames quickly...but talented people know how to respond." Dick Vague, CEO, First USA (BancOne).[9]

The mindset will cause major changes in the use of the human resources' departments of most major companies. The HR divisions will no longer run the recruiting and retention programs, but will act as the key lever that leadership will pull to build and maintain top talent pools (Figure 11 & 12).[10]



Source: 1999 McKinsey Engineering Alumni Career Decisions Survey

FIGURE 11 – HUMAN RELATIONS ROLE CHANGE – LEVERAGE INCREASINGLY DECENTRALIZED AND EFFICIENT COMMUNICATIONS VEHICLES

	Most large, established Companies today	→	Transition required to become a talent share winner
Focus of HR department	Implement compensation, benefits, career path, feedback, training, and recognition programs deeply throughout the organization	→	Drive a talent acquisition mindset and capability deeply throughout the organization
Depth of talent strategies	Talent Market strategies an afterthought to most product/market planning	→	Product/market strategies built upon strong Talent Market strategies (e.g., "share of talent" targeted as clearly as share of market)
Levers pulled by HR department	Compensation structures, spans of control, and personnel evaluation processes control personnel costs and advancement decisions throughout the enterprise	→	Design of organizing units, measurement of value of talent and share/competitiveness in most hotly contested talent markets, and enabling infrastructure shape ability to win
Use of technology	Basic automation of job application, staffing, and benefits administration processes. Company web site with HR input, but little "web marketing"	→	Leading edge processes and infrastructure on Internet that lures passive job seekers, surveys pulse of market, and proactively markets via database-driven web sites
Recruiting execution	Weak connections between front-line managers and HR-led recruiting execution	→	Extraordinary front-line support and execution enabled by HR-built systems and processes

Source: 1999 McKinsey Engineering Alumni Career Decisions Survey

FIGURE 12 – HR WILL SHIFT ROLE FROM ADMINISTRATION/EXECUTION TO DRIVING AND ENABLING TALENT MARKET STRATEGIES

It is the mindset and behavior that make the difference, not the process. Too many times companies rush off to implement a process without real buy-in. The Defense Department is all too quick to buy into an idea without investing in the mindset and behavior first, yet we have a real and basic advantage over the private sector. Our core values, if taught and enforced properly, lay the foundation for the military's success in this area.

The winning value proposition is the sum of the "gives and gets" that make up the relationship an individual has with an organization. It answers the question, "Why would a talented person choose to work here?" Your company's offering to top talent must be notably better than the alternative options they have for their careers.

Most companies are not prepared for the war. McKinsey questioned nearly 6000 managers at the top 200 companies as to whether they strongly agreed that their company recruited, developed and retained talent while at the same time removed low performers.

a. 23% strongly agree their company brings in highly talented people.
b. 3% strongly agree their company develops people quickly and effectively.
c. 10% strongly agree their company retains almost all high performers.
d. 3% strongly agree their company removes low performers relatively quickly.

Even more surprising was the fact that only 16% of those managers questioned stated that they knew who the high and low performers were. These numbers speak for themselves.[11] If these questions were based on productivity or profitability, the companies would be disappointed. Most companies are going into the War for Talent with knives and pistols ... not tanks and artillery!

Companies should manage the employee value proposition as carefully as they manage products, brands, and profit and loss statements. The biggest gaps or shortfalls in delivering on the value proposition are development and compensation. Top companies pay more, differentiate more and break traditional compensation rules more, but that is not what nearly 6000 executives told McKinsey was most important during interviews and surveys. They were looking for a great company and a great job.[12] The two highest rated survey criteria were, "I like the values and culture" and " freedom and autonomy to do my job." Top companies create a culture that attracts and retains top talent.

The third imperative is the development of a robust sourcing strategy. Know your workforce, know what makes them tick, and know where you want to take the workforce in the future. Identify the high performers and the low performers, and know what differentiates them. Companies must choose a strategy or a combination of strategies: 1) acquire – cherry pick the best talent from other sources, 2) multiple channels – bring talent in at all levels with an intense development focus to augment/shape the company, 3) outsource – let others provide the basics while you reap the dividends, and 4) insource – home grow superior talent from entry level onward. The best companies are recruiting earlier and later, are seeking different talent profiles and are sourcing internationally.[13]

Anne Marie Squeo of the Wall Street Journal writes of an effort by Northrop Grumman Corporation to win the hearts of young engineers over to defense companies: "...Carl Hood assigns a task to a dozen eighth-graders...the challenge is to lash paper, tape and straws into any kind of structure that can withstand a test in his make-shift earthquake simulator...his own challenge is to get these children interested in engineering and, perhaps, a job at his company some day."[14]

As the fourth imperative, the tactics to build a talent pool are critical to becoming competitive. Top performing companies use five aggressive development actions to build their talent pools: 1) promote the best people into key jobs early and often, 2) flood the joint with feedback and coaching, 3) wake up to the real retention problem, 4) break traditional compensation rules, and 5) get rid of low performers.[15] Stretch jobs and feedback/mentoring drive development of the best employees. Formal training is much less important than being put in the most challenging jobs and then given the necessary coaching to stretch your skill set. The "gold standard" companies promote early and often, and they invest time and effort in top performers to insure their success. Companies also pay to attract and retain top talent. Be creative in compensating your top performers.

Coaching and mentoring is the most important element in an employee's success or failure. Top performing companies invest resources to make this happen. They must train managers/supervisors in coaching techniques and then measure their success through 360-degree feedback. Companies must value it, expect it, recognize it and measure it, otherwise it will not happen. Leaders and managers must be willing to get rid of low performing employees – the "C" players. C-players do not hire top performers. C-players cannot develop top performers. C-players block top performers and cause them to leave. The bottom line is get rid of them.[16]

Retention development is the silent battleground, the place where all companies are losing employees with 3-8 years into their careers. It is one of the two greatest problems facing the military in regards to personnel issues. Several human resources' executives stated that retention of their best people in the mid-phase of their careers is their biggest people problem – this is a black hole.[17]

Why is this group at risk? According to McKinsey research, there are several reasons. They have had their three years of "basic training;" the required work experience that forms the stepping-stone to other job opportunities. They are not in the limelight of senior ranks and often have no sense of belonging or loyalty. This age group is more mobile and demanding of the market place, personally and professionally. The supply of 25-34 year-olds is declining over the next 10 years, as previously noted, so other companies will be raiding or cherry picking more intensely. The number of executives over 55 years of age will be increasing 40 percent in the next ten years which could reduce advancement opportunities for younger managers and executives. Lastly, today's workforce is more gender blind than ever before and with this change more women have entered the workforce, but those numbers are not expected to increase. It becomes problematic when dual career families exist and there are few provisions designed to support family requirements.[18]

THE MILITARY – THE UNIFORMED WAR FOR TALENT

A review of the reading files in preparation for writing the paper revealed a short piece prepared by the American Forces Press Service (AFPS), Washington, April 12, 2000. In a time where the military is struggling to meet recruiting and retention goals, struggling to find dollars to fund basic programs, struggling to house families in homes that exceed low income housing levels, struggling to provide adequate health care for active duty, family members and retirees, and struggling with an administration that has less connection to the military than at any time in our history, it is humorous to see, as the AFPS reported, the military was recognized by the House of Representatives by a vote of 397-0 as the "Person of the Century." Representative Robin Hayes

of North Carolina stated, "I am continually impressed and made proud by their dedication, commitment and patriotism. We are just turning the corner on a period in which we ask the American GI to do more with less and less. As I have gotten to know these brave men and women, one statement continues to ring in my ears; the statement made during a military personnel hearing at the Norfolk (VA) Naval Base was 'Sir, whatever you give us, we will get the job done."[19] The willingness of the testament to get the job done is commendable but time may indicate that it is just not good enough to keep the best servicemen and women in uniform and to attract the GenXers to serve their country.

Secretary of Defense William Cohen, in the Annual Report to the President and the Congress, 2000, stated:

> We ask much of our men and women in uniform. They are on call 24-hours a day and understand they will be regularly deployed, relocated, and restricted in their lifestyle because of the unique demands of military life. They must be prepared to forge into deadly conflict, and they must be trained to use lethal, cutting-edge technology. We call upon our armed forces to manage complex battlefields that include combatants and civilians, using the skills of both warrior and diplomat.[20]

So where are these dedicated, well rounded, self-sacrificing people? The past decade has been one of significant change. The military has undergone a major downsizing effort (one-third the size of the pre-Desert Storm structure) and taken major budget cuts that have affected force structure modifications and equipment testing, development and fielding. It is important to point out several issues that are at the hub of the problem that is clawing at our ranks.

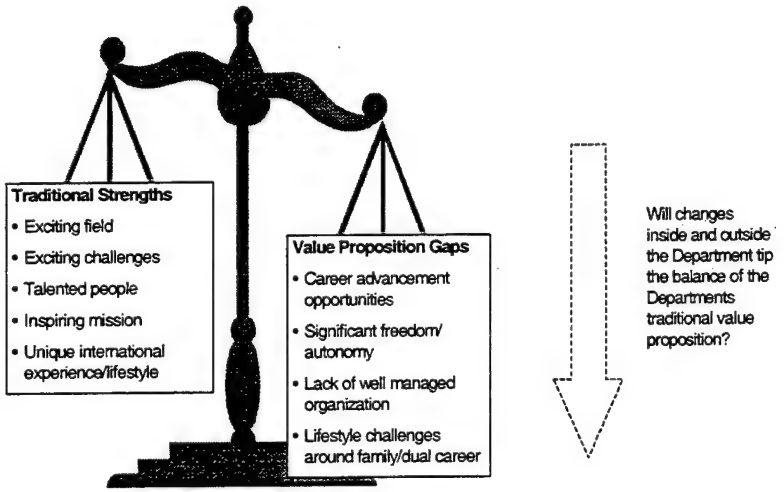
Although the intent of this paper is to discuss talent issues, it is appropriate at this point to discuss a very relevant issue. During hours of discussion with corporate sponsors, other fellows, and senior officers and civilians representing all of the Services and Defense Department, the conclusion was that the Defense Department is a generation behind the private sector as it pertains to business operations.

What is interesting is that the private sector studies the military in an attempt to capture the clean, precise, timely and efficient method we use to conduct combat operations. As the Defense Department emerged from the Vietnam era, it was forced to model itself after private industry. Efforts were designed to make the military more business-like, to look and operate like a General Electric, a General Motors or a Ford. Actions were taken to aggressively pursue models like the Brigade/Battalion Training Management System, Total Quality Management, Management by Objective, and Capability Maturity Models in an effort to become more business-like. That is not to say that these efforts have not been rewarding, but one must ask whether that is really at the heart of the military's core competencies. The ironic part of the whole issue is that private industry

moved away from modeling to a more aggressive, flexible method of doing business. The business world studied the Defense Department's execution during Desert Storm and took the lessons to heart – fast, decisive, overwhelming power. Private industry is practicing what we preach, so where does that leave us?

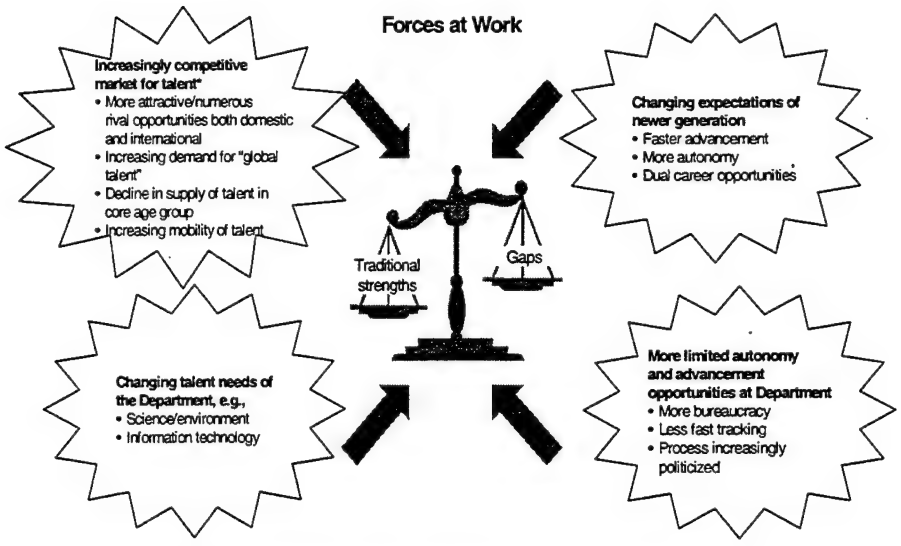
An open-ended question is not the way to close a critical thought like the one above, but that is an issue for another paper. The point is that maybe we need to evaluate whether we want to lead or follow, to be studied or to study. Where is the focus? What are the core competencies? Where is the military going? Are we really a business or something distinctly different? Maybe the struggle to answer these questions is causing some of the Defense Department's problem with its War for Talent.

What is the value proposition that will attract top performing people into government service? McKinsey performed some work with a large government department in 1999 in which four forces at work, internal and external to the department, may shift the historically favorable balance of the department's value proposition by diminishing the potency of certain strengths (e.g.: mission, unique lifestyle) and increasing the significance of certain gaps (e.g.: advancement, autonomy, dual career) (Figures 13 & 14).[21]



Source: McKinsey, March 10, 1999, Understanding the Government Specialist Talent Pool and Their Expectations

FIGURE 13 – POTENTIAL SHIFT IN THE BALANCE OF A GOVERNMENT DEPARTMENT VALUE PROPOSITION



Source: McKinsey, March 10, 1999, Understanding the Government Specialist Talent Pool and Their Expectations

FIGURE 14 – CHANGES MAY SHIFT THE HISTORICALLY FAVORABLE BALANCE OF THE DEPARTMENT'S VALUE PROPOSITION

This value proposition is also applicable to the Defense Department. If it is affecting one governmental department, it makes sense that it could affect another. In both cases, the existing value proposition must be questioned.

From the Annual Report noted above, the Services must recruit more that 200,000 young people each year for the active duty forces, with another 150,000 for the reserves.[22] An aggressive recruiting effort has sustained the force, ensuring that capable and seasoned leaders are available to serve around the world. But, recruiting requirements are growing as the drawdown nears completion, creating a demand to replace loses on a one-for-one basis. A robust job market, coupled with an increased propensity among high school graduates to go to college, however, has created a tough recruiting environment.

In "The New Public Service" by Paul Light, published in the January 2000 issue of Government Executive, Mr. Light states that the federal government is losing the talent war. Its personnel system is slow in hiring, almost useless in firing, overly permissive in promoting and penurious in training. Gone are the days when the federal government could compete for talent by offering an entry-level job or by giving a talented student the chance to serve for a decade or two before rising to the pinnacle of an associate deputy assistant secretary post. Top graduates are not just saying "show me the job," but "show me the job now." Anyone who thinks this year's 4.8 percent federal pay increase will turn the tide in drawing talent can forget about it. All things being equal, pay might pull the occasional student away from a private consulting job toward

government. But all things are not equal. The federal government is usually so far behind the private and non-profit sectors in offering challenging work and the chance to advance that pay rarely comes into play (Figure 15).[23]

The government has been losing ground in attracting talent from the nation's top public policy and administration schools, according to a survey of 1,000 graduates.

	Class of 1973/74		Class of 1978/79		Class of 1983		Class of 1988		Class of 1993	
	First Job	Current Job	First Job	Current Job	First Job	Current Job	First Job	Current Job	First Job	Current Job
Government	76%	50%	62%	46%	68%	51%	55%	39%	49%	41%
Private Sector	11%	28%	21%	38%	21%	30%	21%	32%	23%	26%
Nonprofit Sector	12%	15%	15%	12%	12%	15%	23%	25%	25%	28%

Note: Graduates surveyed were from Harvard's John F. Kennedy School, Syracuse University's Maxwell School and the University of Texas' Lyndon B. Johnson School

Source: Brookings Institution/Paul Light

FIGURE 15 – GOVERNMENT OUTCLASSED

Efforts undertaken by Congress and the Defense Department to improve quality of life for military personnel are commendable but may not lie at the crux of the problem. There is no doubt that there is a recruiting and retention problem within the services, but incremental pay increases that simply make up for the losses created over the previous decade may not be adequate. Guaranteeing quality medical care for active duty, families and retirees is great rhetoric, but when you cannot get timely appointments, collection agencies are after you because the health management organization has not paid the bill, or the sponsor is deployed and cannot help, one shouldn't wonder why servicemen and women are bailing out.

Career advancement and personal growth must be weighed against family and spousal needs. In the military, there are no provisions or consideration given to the dual career family that is so prevalent in today's society. The private sector does not have a corner on this market either. Many of the spouses of military sponsors are professionals in their own right. Maybe it is time to consider long-term assignment stabilization to allow high performing servicemen and women the opportunity to serve until retirement while providing job opportunities for spouses and dependents.

CNN NewsStand recently aired a broadcast where the III Corps Commander and Commanding General, Fort Hood, Texas, was questioned as to why so many of his troops lived on food stamps or visited food distribution centers for subsistence items. His response was admirable as he appropriately answered that his community did everything it could to take care of its own.

The thing that is sickening about the situation is why the general would be put in that situation in the first place, much less the soldiers who are asked to make such sacrifices as those noted by the Secretary of Defense above. According to an Army Times article, April 17, 2000, an estimated 6300 military members receive food stamps with approximately 60 percent of those living in government housing.[24] If they cannot live above the poverty level, then why should they come into the military?

Tom Brokaw's book The Greatest Generation, highlighted the number of great Americans that repeatedly noted that an opportunity to enlist in the military was an act of pride, an opportunity to give back to the country something that it had given them. But what had the country given them at that point in time? When examining the situation a little closer, you realized this generation had gone through some of the worst times this country has ever known – WW I, the Depression, the drought that created the dustbowl, the highest unemployment rates ever known and then WW II. Many of those people described in Mr. Brokaw's book noted that a new pair of boots, two clean uniforms, a bed under a roof that did not leak and three square meals a day was a step up in society. Today's generation certainly has different expectations.

The Defense Science Board Task Force prepared a February 2000 report to the Under Secretary of Defense for Acquisition, Technology and Logistics on the Human Resources Strategy. The chairman of the task force, Craig Fields, identifies the human resource challenges that face DoD as issues deserving attention at the highest levels. While the military enjoys a high level of respect by the American people, this respect does not extend to a strong willingness to serve – in either military or civilian positions. Doctor John Foster, Jr. and General Larry D. Welch (ret.) note that attracting young, talented individuals into the Department's civilian workforce is a difficult challenge. There is a growing shortage of quality managers in place to fill the career positions that will become available as more than half of the civilian workforce becomes eligible to retire in the next five years. The allure of public service has faded. At the same time, the Services are finding it increasingly difficult to meet their annual recruiting goals, having fallen short of accession goals for the past two years. A strong economy offers many alternatives to today's youth – to include post-secondary education as well as lucrative employment options.[25]

Issues revolving around the War for Talent are not well kept secrets. They are well published even inside the hallowed halls of our government and military. Why then, is there a problem of such magnitude? First, much is being made of the economic situation as an excuse for recruiting and retention problems. Although it is a major contributing factor, it is not at the center of the problem. Second, in an attempt not to oversimplify the problem by insinuating that it is purely

public relations based, it can be illustrated how the Defense Department is allowing the media and the American public to drive the military away from those values that are held in such esteem.

Maxwell Thurman was once quoted as saying, "Today's military may be called an all-volunteer force, but it is, in reality, an all-recruited force."[26] If this is true, then what is the current strategy and how are resources being applied to resolve the ever-increasing personnel problem? This is not simply a numbers problem. It is a problem that lies at the core of the War for Talent. As noted previously, it is the top talent that is sought after by all recruiters. The government should not be left to strain the talent pools for leftovers. The Defense Science Board Task Force study on Human Resources Strategy identified similar trends to the McKinsey research. Recruiting success varies based on two principal factors: the level of recruiting resources and environmental factors including economic conditions, demographic trends, public interest in the military, and the government's perceptions of military needs. With unemployment at a 29-year low and markets ultra-competitive, there is less incentive for young people to join the military. There is even a greater incentive for them to attend post-secondary education (Figure 16).[27]

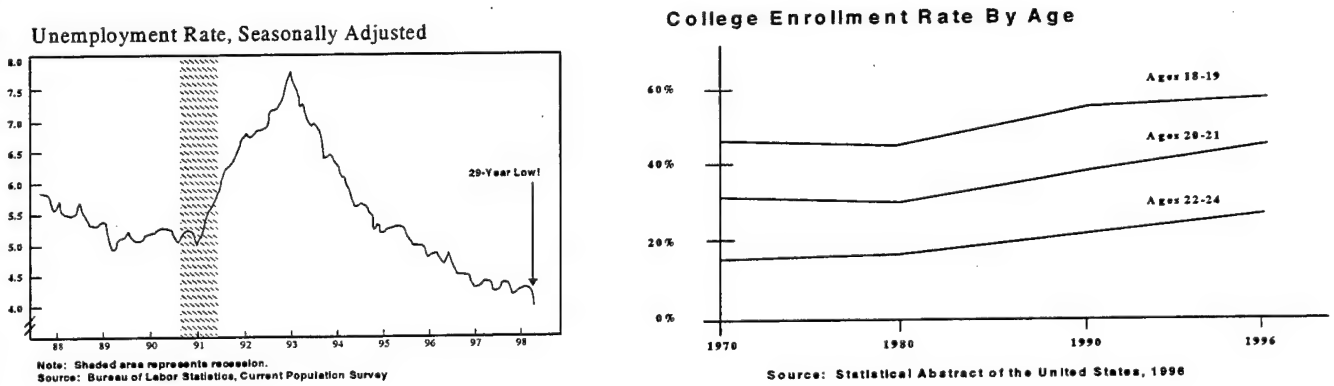


FIGURE 16 – THE RECRUITING CHALLENGE

America's youth are also less inclined to join the military; their propensity to serve has declined over the last decade. This is as a result of the downsizing effort and the picture that it painted for this generation, and the political and societal environment in which this generation has been raised (Figure 17). The decline in propensity to enter the service simply means that recruiters must work harder and spend more to get the high-quality recruit (Figure 18). The current strategy is not working too well, and as addressed earlier, it is time to create a new strategy.[28]

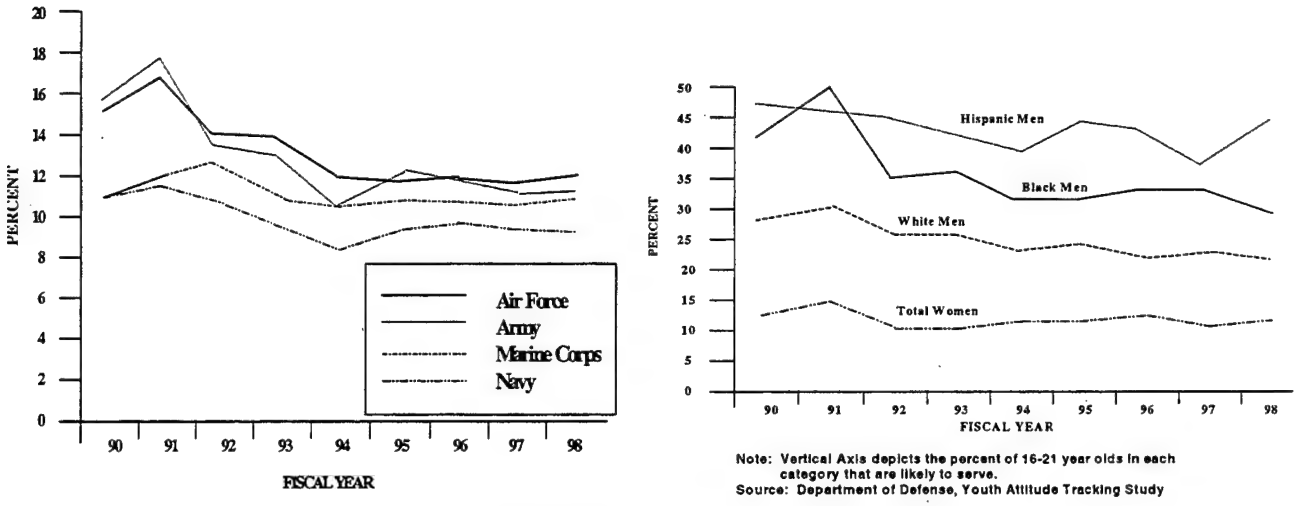


FIGURE 17 – PROPENSITY FOR MILITARY SERVICE

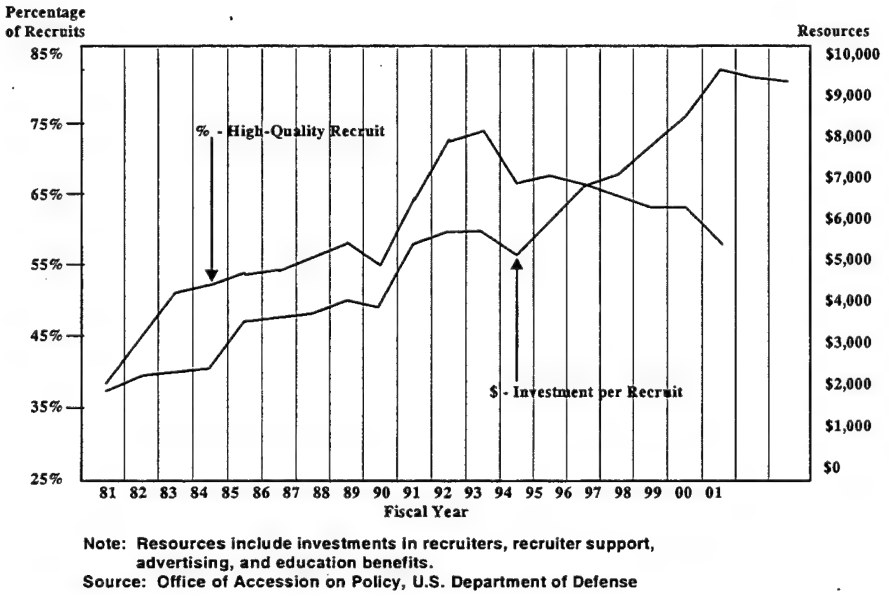


FIGURE 18 – RECRUITING RESOURCES AND HIGH-QUALITY ACCESSIONS

Having no legitimate competitor lies at the heart of the Defense Department's problem. There should not be any question in anyone's mind at this point that a war of a different type is being waged on the streets and in the halls of our businesses and industries. In private industry, there is always a competitor, someone nipping at your heels ready to take over your company or take away your competitive advantage. Where is the competitor for the United States Defense Department? Russia? China? Iraq? Korea? Or are the competitors small, obscure countries or

bands of semi-organized militia or terrorists? There is no one on which to focus, no enemy or competitor that is nipping at our heels ready to overcome our competitive advantage.

In a recent presentation to one of the working groups of the Headquarters Air Force 2002 project, the issue of a competitor arose. One of the members of the working group stated something to the effect of, 'sure we have a competitor... we fight all the time with the Army and the Navy for resources.' There in lies one of the major problems – I have seen the enemy and it is us!

It is time to engage the American public on new terms. If this is a "War – a War for Talent," then it is time for the experts in the conduct of war to enlist all available means and do what we do best – win wars!

Young people view the military as a highly professional organization that has effectively dealt with difficult regional crises and conflicts as well as a number of important domestic problems, particularly the elimination of drug use by military personnel and the integration of minorities and women into the military. Yet despite these encouraging perceptions, the propensity for America's youth to join the military continues to decline. The mission of today's military, and its importance to the nation, is not as well understood by the American public. A decline in the presence of military veterans among members of Congress and the executive branch, in state and local government, in the education systems and in the public at large means there are fewer role models with the knowledge of and support for military service. Public perception of the military can be influenced by a belief that the commitment to military service is important to the individual and the country.

Rear Admiral John G. Morgan (USN) and Colonel James McGinty (USMC Reserve, ret.) wrote in "The Allure of Service," that the services' recruiting and retention efforts have reflected a marketplace philosophy, focusing on education opportunities and redressing compensation shortfalls. This is an effective start, but now new tools must be identified for attracting and keeping the right people and, most importantly, expand the strategy beyond monetary inducements to articulate the real vibrant allure to service. What they say is equally applicable to all the Services. Money is important, but it is not the most important element in a winning strategy. Tailored to a new era, recruiting initiatives must be expanded to include: 1) get the right stimuli in the right format to the right people, 2) localize our heritage through community recruiting, 3) transform our work paradigms, and 4) communicate that values add value. Bruce Tulgan, a researcher specializing in the working lives of the emerging generation, concludes that the top non-monetary rewards include control over work schedules, training opportunities, exposure to decision makers, and credit for projects and increased responsibility. From this profile, we can begin formulating a new recruiting and retention strategy.[29]

ADM Morgan and COL McGinty go on to identify a terribly deficient area in the educational and recruiting systems. Recruiting efforts are currently aimed at 17-27 year-olds. Why wait until they reach the age of 17? Remember earlier in the paper when it was noted that the engineer from Northrop Grumman Corporation was in a middle school in the hopes of generating interest in his profession and hopefully his company? What is needed is an educational thrust along with civics and government classes that stresses the value of a life of consequence – an endeavor that enriches the human condition at the local, regional or national level. The primary themes of recruiting should be stressing national service, encouraging volunteerism and achieving personal goals and ambitions.[30]

Military "infotechies" share many of the same inclinations and desires as their counterparts in private industry, so maybe it is time to embrace many of the perks that have appeal in the civilian businesses that compete with us for our talent. Here are a few examples:

a. Telecommuting one day a week (think how that could help ease the problems on the home front getting children to medical or dental appointments).

b. Collaborative organizations with greater access to decision-makers and more creative problem solving (requires a rethinking of the hierarchical chain of command).

c. Expanded education and training opportunities (civilian and military cross-fertilization; also include eligible/qualified spouses).

d. One-year sabbatical at half-pay to get recharged or a fully funded sabbatical designed to improve a persons skill set (professional development).

Aside from the tangible perks the military might offer, there are other factors that motivate service members to stay in: the chance to lead at a young age, accountability and responsibility, tradition, a sense of accomplishment and pride, teamwork, a sense of belonging, equal opportunity, growth, adventure and FUN! All of these motivating factors are the same factors that motivate top performing people in private industry.

Look at what has actually happened to the military. Why have so many great officers, non-commissioned officers and enlisted personnel left the service or are talking about leaving the service? Increased emphasis on better active-reserve integration is providing benefit and sets the stage for future initiatives. But with the reserves experiencing recruiting and retention problems at least as drastic as the active component, one has to ask if increased reserve involvement is really the answer? If extended active service obligations are so disruptive to the reservists' civilian career goals, how can it be an effective solution to the retention and manning problem?

The Services need to consider varying enlistment tours and accessing personnel for different lengths of service based on the skill set each person brings to the table. For example, the

Air Force and the Navy are experiencing difficulties maintaining sufficient numbers of pilots. During the research of the Defense Science Board Task Force, they learned that the average time a pilot was needed was 14 years. Under a new strategy, the service commitment for fighter pilots would be 12-14 years, no more and no less, but adjustable between 12 and 14 based on the needs of the military.[31]

Here is a new proposal with a twist. Throughout this year's fellowship, discussions have taken place, which revolve around partnering with the private sector. Here is an excellent opportunity. Most of the military aviators are leaving to fly for the airlines. A long-term partnership with the U.S. flag carriers could be developed where both the airlines and the military recruit together for pilots. The airlines offer each qualified individual the opportunity to go into the military, receive flight training, and serve the required obligation. When the tour of duty is complete, the individual is guaranteed a position with the airlines that initially recruited them. While the individual is serving in the military, the airlines' pays the pilot incentive pay to legitimize the process and relieve the military of paying bonuses to pilots. The military would still pay hazardous duty pay. If the pilot chooses to remain in the military, then the military repays the airlines for the investment to date. This system, as it is roughly portrayed above, creates buy-in from the two largest markets for trained pilots. It would truly become a "you scratch my back, I scratch yours," scenario.

The retention climate is a challenge for all of the services, but it is not insurmountable. The discipline associated with the military, the level of responsibility placed on today's members, and the technical training they possess, all serve to make the military experience a valuable commodity in the civilian labor market. During the downsizing of 97-98, General Electric hired over 650 officers. That is only one of the major firms in this country. The private sector is now looking at the military as a major talent pool. Attractive salary and benefit packages, coupled with greater geographic stability and a more predictable lifestyle, are key influences in the pursuit of private sector jobs by service members. Maybe it is time to make some appropriate adjustments to mirror some of these efforts.

PERSONAL PERSPECTIVES

Now from a more personal perspective, I discussed the War for Talent from the private sector perspective and from the perspective of the Defense Department as a whole. I want to take the time to discuss it from the Army perspective because that is where my heart lies. I grew up in the Army and chose it as my own profession, so it holds a cherished spot in my heart and my life. It is all I have ever known. My father me many years ago that I would experience successes and failures, good times and bad times, and resource rich and resource scarce times while I served in

the military. Those times often manifest themselves in a cyclic nature. As history has revealed, the last two decades have been no different than those that preceded them.

I have seen the Army struggle with post Viet Nam issues and claw its way out of those troubled times. I watched as my Army was modernized and built into the greatest fighting machine the world has ever known, and I watched as it was downsized and reorganized. As all of this happened over the last 20 years, we continue to do more with less – go more places, help more people, and intervene in areas we never dreamed of primarily because our missions have changed. I am not in any way saying that certain deployments or our involvement in certain areas was not warranted, but I am trying to say that we cannot continue to execute beyond our capabilities. It becomes an issue of trust.

Robert Maginnis of the Washington Times reports that in a recent Pentagon-sanctioned survey of Army and Marine Corps personnel only 35 percent believe what their service leaders are telling them and only 44 percent thought their leaders would make tough, unpopular decisions. The trust problem goes beyond social experiments and an ailing medical system. It goes to the bone. Most surveyed personnel, 62 percent, believe their units lack the necessary equipment to accomplish assigned missions and 66 percent say they are stressed out from high deployment rates – up 300 percent over the last decade.[32] Job satisfaction has plummeted along with retention. Trust is stretched thin by the Clinton administration's use of the military for peacemaking, peacekeeping and humanitarian relief operations. Today, U.S. service members are stationed in approximately 140 countries where many serve as policemen keeping rogue nations like Iraq in check and ethnic groups like those in Somalia, Bosnia and Kosovo from killing one another. Soldiers complain that this is not what they volunteered to do and for that reason many leave discouraged.

Maginnis goes on to state that the much touted pay raise was a step in the right direction, but Congress does not recognize that, in many cases, the increase was actually offset by reductions in housing allowances. In fact, for many soldiers who live off post, they suffered a pay loss, not an increase. Given these trust-busting problems, our military is hemorrhaging quality personnel and cannot recruit enough to fill its ranks. The crisis will not be easily overcome. Veterans, this country's best recruiters, are not encouraging their sons and daughters, grandsons and granddaughters to enlist.[33]

The Army Research Institute conducted a study at Fort Benning, Georgia, which asked the basic question, "Why are Captains leaving the Army?" The results were not a revelation, but are revealing if you take the time to review them. Of the population tested, 52 percent were inclined to leave the Army; 71 percent of those were United States Military Academy (USMA) graduates and

29 percent were Reserve Officer Training Corps (ROTC) graduates. Those inclined to stay consisted of 13 percent USMA graduates, 69 percent ROTC graduates, and 18 percent Officer Candidate School graduates. It is also interesting to note that only 29 percent of those choosing to leave intended on making the Army a career at the time of commissioning, compared to 50 percent of those choosing to stay in the Army. At the time of the survey, even those choosing to stay at the time indicated a significant inclination to depart before reaching 20 years: 69 percent plan to stay 20+ years and 39 are undecided or plan to separate.[34]

These numbers are very troublesome and reflect an Army wide feeling of discontent with the Army and its leadership. They are also troublesome because they indicate we are also losing the wrong people. The survey indicated the primary reasons for leaving (the "push" factors):

a. Dissatisfaction with Army job/mission/life (35 percent).

- Operations tempo, excessive micro-management, lack of say in assignments, ubiquity of the "PowerPoint Army," dissatisfaction with peacekeeping missions, insufficient support for training.

b. Perceived incompatibility of Army and family life (35 percent).

- Operations tempo, spouse's career opportunities.

c. Civilian career opportunities seen as better than Army opportunities (29 percent).

- Opportunities for promotion and advancement, overall job satisfaction, importance and meaningfulness of work.

d. Pay was seldom mentioned as a reason to leave (for officers).

- Poor pay/benefits for enlisted soldiers.

The family remains one of the top "push" factors for all those choosing to leave. 100 percent of those Captains choosing to leave voiced family issues as one of the top reasons for their choice – "Raising a family in the Army is bad, due to OPTEMPO and PERSTEMPO. Too much separation from the family." The summary of findings from the Benning study strike at the very heart of the War for Talent. [35]

1. The decision to leave is a lengthy one.

2. The decision to leave is based on multiple reasons.

3. Family issues and dissatisfaction with Army job/life are most frequently given as primary reasons for leaving.

4. By the time paperwork is dropped, little can be done to change the person's decision (mentoring/coaching).

5. Pay is not a major factor in career intent.

6. A strong civilian economy enables career change, but does not cause it.[36]

These findings, along with those from the Defense Science Board Task Force study of Human Resources Strategy and those points made by ADM Morgan and Col. McGinty, should be used to build the personnel strategy of the future.

Everyone wants to survey the troops about how they feel about the military. The problem with surveys is that, although they may provide a wealth of information, what it all means is not clear. And so it was with yet another survey conducted for Congress, Fall 1999, by the General Accounting Office (GAO). The Army Times, 27 March 2000, reported in "No. 1 Retention Tool," that lawmakers were anxious to hear what service members had to say. What they got back from the 32,000 people who responded was a mixed message. Pay, or lack of it, was the number one reason people leave the service, but it was also the number one reason people decided to stay. Housing and health care were among the benefits most important to military members, but apparently had little to do with their decisions about whether to remain in uniform. Service members working really long hours were not happy with their lot in life, but neither was those working the bare minimum. So what does it all mean? The key appears to be this, service members will stay as long as they find value in what they do and as long as they think others value that as well.

What this should also tell us is that there is no clear answer to this problem. Survey results conflict with each other, identifying varying levers that may be key in solving the problem. But the bottom line remains the same – there is talent problem, and it could easily turn into a full-scale war.

In the GAO study, participants listed dissatisfaction with the quality of military leaders as one of the top three reasons for leaving. That should be a siren call to leaders everywhere, from non-commissioned officers and officers to the Commander-in-Chief himself. If military leaders want to improve retention, maybe they should start by looking in the mirror. And that is exactly what the Army is trying to do under the leadership of the Army Chief of Staff, General Eric Shinseki.

He recently commissioned a survey of 760 officers attending the Army Command and General Staff College at Fort Leavenworth, Kansas. The results of those surveys have shaken the Army to its core. Although grumbling in the ranks is as old as the military itself, recent studies, surveys and focus groups are documenting a growing culture of discontent among military officers and enlisted. The recent steps taken at Leavenworth identified rising dissatisfaction among junior officers. Since they are the foundation of the future Army leadership, this growing culture threatens to destabilize the service from within. The Army has seen a 58 percent increase in the numbers of captains who leave the service voluntarily each year, up from 6.7 percent in 1989 to 10.6 percent last year.[37] While this trend continues to increase, there is also a trend indicating that fewer and fewer officers have the intention of staying until retirement (Figure 19).

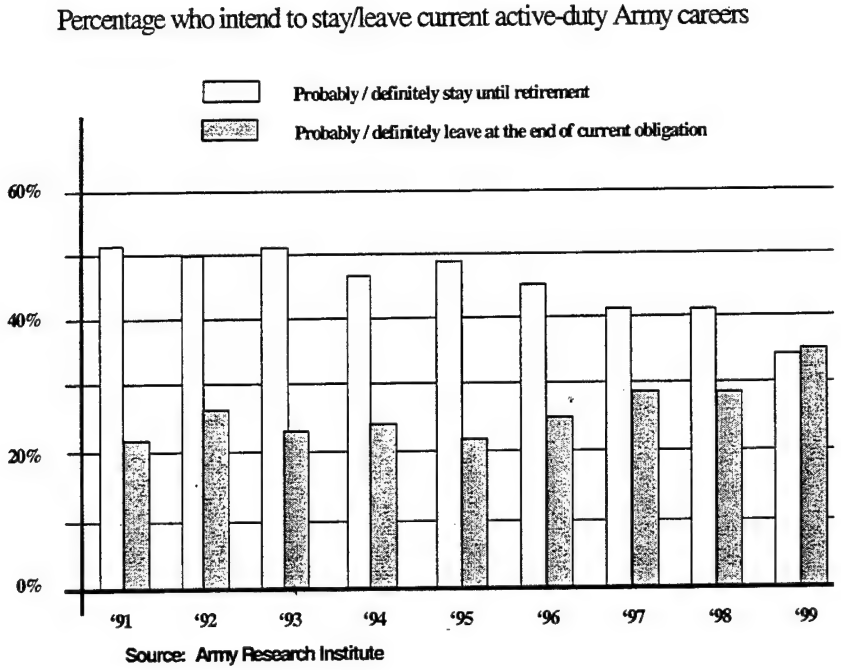


FIGURE 19 – DISSATISFACTION AMONG YOUNG ARMY OFFICERS

Key findings from the current Leavenworth research indicate: a lack of trust in senior leaders, too much micromanagement, a "zero-defects" Army, poor quality of life and benefits, top-down loyalty does not exist, falsified readiness reporting and a generally poor leadership environment, with little or no mentoring taking place.[38] Military analyst Ralph Peters, a former Army officer, says many young officers envy innovation-driven dot-com peers and see no point in sticking around until they are middle-aged to make a difference. He states, "Our military establishment is still stuck in industrial-age thinking where GM and IBM were in the 70s. They want conformists. If you're a lieutenant with a great idea, you will be told to wait 25 years until you're a general to put your ideas into practice." A combat arms colonel in the Pentagon summed it all up when he said, "They asked the same questions in the Army Research Institute study five years ago, and got the same answers."[39] It makes you wonder how many times this has to be published or broadcast before anyone reads it or listens to it. It is time to act before we lose this war!

FINDINGS/RECOMMENDATIONS

Over the course of this year, I have had an opportunity to study and review a problem that exists in both the public and private sectors of our economy. In my opinion, it is rare that such a problem exists in both sectors simultaneously, but that is indicative of the magnitude of the talent problem. At the core of the problem are three primary factors: 1) the pool of talent from which to draw, 2) the competitor and competitive market in which you operate, and 3) the value proposition created to attract top talent.

Talent pools are decreasing in size and nothing is being done to increase them in the short term. Most markets are growing thereby increasing the demand for top talent. There is nothing you can do about the demographics of the work force, but identify the target audience and go after it as if it were a life and death situation. For many companies, it may be just that. Use a competitive advantage to create niche markets or carve out market segments that will create attractive value propositions for the company and the interested employee. Hire the best no matter what the cost and create positions for top talent in your company.

The Defense Department must attack this problem just as if were competing in the private sector, as noted above. We have a value proposition based on over 200 years of history and success. It is time to use it. War for Talent is a far-reaching problem that is attacking the very heart of what we are. It is time to be creative and aggressive with the employment of scarce resources, not just to fight the problem, but attack the problem. Here are a few suggestions.

Return to the basics of officer and noncommissioned officer training – LEADERSHIP. We consistently migrate farther and farther away from hands-on oriented interaction. The causes are many – email, internet/intranet, OPTEMPO. We are not spending enough time with our subordinates, and we are not teaching leadership skills designed to motivate and stimulate our subordinates. It is time to get back to the basics. Do not get focused on the opportunities that technology provides at the cost of face-to-face leadership and personal interaction.

Create a new public relations campaign aimed at raising this country's awareness of what we do. Most people do not even know that we still have forces in Bosnia and Kosovo. We allow the media to drive public interest in a way that is more often than not detrimental to what we do and what we stand for. Unless we are executing a major operation that is news worthy, we are spending time fending off "60 Minutes" or some other news magazine. Publish our success stories and push to get them aired.

It is time we partnered more with private industry. Not become a mirror of private industry, but use them to leverage opportunities and vice-versa. Opportunities exist to work with private industry instead of simply being a talent pool from which they draw their top talent.

We must educate our younger generations on the Profession of Arms. We exist to deter war and preserve peace. Fighting our nation's wars is an act of last resort, yet the school systems do nothing to educate our youth of the need, purpose and uses of the military. It is time we step up and be heard in the classrooms around America.

Value creation is essential to success in people markets. We must return to the core values on which the Services were built, not only for educational purposes, but also, more importantly, for the pride and integrity that they develop. These values, what they represent and how our service members demonstrate them, are what make the military the most highly respected profession in the United States.

Pick the "low hanging fruit." Efforts are under way to fix Tricare and repair or replace sub-standard housing. But what picture does it paint for all of those serving in the military or those interested in joining the military, if the largest company in the world (DoD) cannot even get a partial problem to the housing issue in place until 2010? What incentive is there to stay or join? I have to ask if General Electric, General Motors or Ford would put up with health care coverage like the Defense Department, and more importantly the service members and their families, have been asked to put up with? Retirees, who built this nation and our military into what it is today, are not even covered under current medical programs. There should be no doubt why young people want out or why they do not want in. It is time to leverage the size and significance of the Defense Department to get these issues put to rest.

Get our servicemen and women and their families off of food stamps. We are the most prosperous nation on the face of the earth, with a military force that is consistently being asked to create a better way of life for nations and peoples around the world, but we have difficulty creating a better life for our own people. This must come to an end or we will never overcome the War for Talent.

It is time to consider a major overhaul of the personnel system – promotion and assignment selection, schooling, and tour stabilization. Consideration should be given to the member and dependents. I am not suggesting elimination of "the needs of the military" philosophy, but a greater consideration needs to be given to service members trying to stabilize for the family's educational benefits, medical requirements or dual career family situations. It builds trust and confidence in a system that is designed to take care of its own. It fosters generations of young people willing to serve a nation that is willing to serve them.

We should consider outsourcing the Defense Finance and Accounting functions to a full-service financial institution capable of handling all financial, investment and insurance requirements of the active, reserve and retired communities. It sometimes takes the Defense

Finance and Accounting System over two months to settle vouchers when credit card billing cycles are less than 21 days. This creates out of pocket expenses for the service member and the family. Actions are underway to institute an investment program for the military, the only public entity not currently covered by a program. At first Congress was asking for $480 million to cover a projected loss of tax income as a result of initiating the proposed program. What incentive is there to start a necessary program if the up-front costs are prohibitive? This is just another example similar to increasing pay and reducing housing allowances. Maybe it is time to partner with private industry and outsource these functions to a firm offering these services as their core competency.

CONCLUSION

The War for Talent exists and the Defense Department is on the brink of losing the war. Bruce Roberson of McKinsey & Company describes the War for Talent problem as rather simple and straightforward.[40] Somehow we allow people issues to remain murky, unclear, fuzzy and intractable. It should not be that way and does not have to be that way. The idea is that you have a product, called a job, which you are selling into the talent market. Every new employee that joins you is a brand new customer. The solution lies in applying the same clear-headed thinking and management intensity that makes you successful in your product markets to the people markets. In the military, we too, have jobs to market and expertise in our core competencies. We are simply not applying the same level of intensity to the people problem.

So whom should we be looking for to fill the rank and file of the Armed Forces? Try this one on for size. General Fred Franks was asked once why he wanted to be a soldier. After a few moments of thought, he responded.

> If you like what our country stands for and are willing to fight to protect those ideals, you ought to be a soldier. If the sound of the national anthem and the sight of the flag stir something inside of you, then you ought to be a soldier. If you want to be around a lot of other people who feel the same way about all that as you do, you ought to be a soldier. If you like a challenge, are not afraid of hard work, and think you are tough enough to meet the standards on the battlefield, you ought to be a soldier. If you and your family are strong enough to endure the many separations, often on a moment's notice, and can live that kind of life, then you ought to be a soldier. If the thought that at the end of your life you can say – or have said about you – that you served your country, if that appeals to you and you need no other reward than that, then you ought to be a soldier.[41]

It is time we returned to our roots and the core values that make us great. Leaders have to establish the way ahead, not driven by the lure of new, emerging technologies, but by the idea that we need the best this country has to offer to take new technologies and new challenges to the next level.

I would like to use Bruce Roberson's "thought experiment" to close this paper by describing a company or large organization. Close your eyes and imagine just for a moment that Fortune Magazine, The New York Times, or any of the military papers, Army Times, Navy Times, Air Force Times or Marine Corps Gazette, wrote to you about the company or organization I am about to describe. Ask yourself, "How did it get that way? How could they have been so blind? What would you do if you were hired or assigned to turn it around?"

I. The company is steadily losing market share or being downsized at an equal pace. They are losing share of the most profitable customers (employees) at an even faster rate. The disturbing thing here is that the company does not seem to know who those customers are or where they have gone.

II. Digging deeper, you find the churning customer base at a high and accelerating rate. Churn rates have doubled and your company replaces 40 percent of the customer base every two years and 80 percent every five. Management seems surprised by this. Recruiting becomes more and more difficult. External perception is poor.

III. The product this company offers is widely viewed as increasingly uncompetitive. Aggressive new competitors have a product with far superior features and theirs is priced better to boot, or there possibly appears to no longer be a need for the product on the whole. By way of contrast, our company's product is still attractive to an entrenched legacy customer base that is slowly dying off.

IV. When pressed, it is apparent that management is concerned, but largely not doing much to respond. Leaders will say it is a top concern, but admit it is not among their top few priorities. Besides the human resources/personnel folks are going to fix it.[42]

Does this sound absurd? It is the Defense Department. We are struggling with this problem and companies are out there capturing our employees, current and future, because they have developed a talent mindset designed on winning THE WAR FOR TALENT.

Word Count: = 10,654

ENDNOTES

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